



## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0151	<b>Title:</b>	Exempt hunters from paying the bed tax
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<b>Primary Sponsor:</b>	Miller, Mike	<b>Status:</b>	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$1,642,158)	(\$1,643,144)	(\$1,845,128)	(\$1,955,835)
<b>Revenue:</b>				
General Fund	(\$1,232,110)	(\$1,305,740)	(\$1,383,771)	(\$1,466,464)
State Special Revenue	(\$1,642,158)	(\$1,643,144)	(\$1,845,128)	(\$1,955,835)
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,232,110)</u>	<u>(\$1,305,740)</u>	<u>(\$1,383,771)</u>	<u>(\$1,466,464)</u>

**Description of fiscal impact:** HB 151 exempts hunters from facilities use tax and accommodations sales tax which would reduce state tax revenue to the general fund by \$2.5 million and to several state special revenue funds by \$3.3 million in the 2017 biennium.

### FISCAL ANALYSIS

#### Assumptions:

- Under current law, the state of Montana imposes an accommodations sales tax of 3% on all accommodations and campgrounds (15-68-102, MCA), as well as a 4% lodging facility use tax (15-65-111, MCA).
- In FY 2014, the accommodations sales tax generated \$17.7 million in tax revenue for the state of Montana. All of the revenue from the accommodations and campground sales tax is deposited in the state general fund.

3. In FY 2014, the lodging facility use tax generated \$24.5 million in tax revenue for the state of Montana. A fixed allocation of \$400,000 is deposited in the Montana Heritage Preservation Account. The Department of Revenue's costs of administering the lodging facility use tax, appropriated by the legislature, are also deducted from the use tax's revenues. The remaining revenue is distributed to six state special revenue funds: Department of Commerce (64.9%), Historical Society sites and signs (1%), University System (2.5%), Montana historical interpretation (2.6%), Fish, Wildlife, and Parks (6.5%), and regional travel promotion (22.5%).
4. The Department of Fish, Wildlife and Parks estimates that hunters spent approximately \$89.5 million on food, beverages and lodging in the state of Montana during calendar year (CY) 2013.
5. It is assumed that 40% of the \$89.5 million spent by hunters during CY 2013 was spent on lodging that was subject to the lodging facilities use tax and the accommodations sales tax, resulting in a total spending by hunters on accommodations of \$35.8 million.
6. Assuming that hunters spent a total of \$35.8 million on accommodations during CY 2013, hunters would have spent \$33.5 million on accommodations and lodging before the sales and use taxes were applied.
7. HJ 2 lodging taxes revenue estimate growth rates were used to estimate hunters' projected accommodations spending increases represented in the following table:

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Growth Rate	4.9%	6%	6%	6%
Spending (in millions)	\$41.1	\$43.5	\$46.1	\$48.9

8. The reduction to the general fund revenue due to HB 151 allowing hunters to be exempt from the 3% accommodations sales tax is shown in the following table.

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
General Fund decrease (in millions)	\$1,232,110	\$1,305,740	\$1,383,771	\$1,466,464

9. The reduction of the 4% lodging facility use taxes due to changes in HB 151 would reduce revenue to the following state special revenue accounts, thus reducing like expenditures from those accounts:

		<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
DOR Tax Administration		\$16,422	\$17,407	\$18,451	\$19,558
Montana Historical Society	1.0%	\$16,257	\$17,233	\$18,267	\$19,363
University System	2.5%	\$40,643	\$40,619	\$45,667	\$48,407
Fish, Wildlife, & Park	6.5%	\$105,673	\$105,609	\$118,734	\$125,858
Commerce	64.9%	\$1,055,103	\$1,054,463	\$1,185,513	\$1,256,644
Regional Travel Promotion	22.5%	\$365,791	\$365,569	\$411,002	\$435,662
MT Historical Interpretation	2.6%	\$42,269	\$42,244	\$47,494	\$50,343
		<u>\$1,642,157</u>	<u>\$1,643,143</u>	<u>\$1,845,128</u>	<u>\$1,955,836</u>

10. The Department of Revenue does not expect to incur any additional costs as a result of HB 151.

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
DOR Tax Administration	(\$16,422)	(\$17,407)	(\$18,451)	(\$19,558)
Montana Historical Society	(\$16,257)	(\$17,233)	(\$18,267)	(\$19,363)
University System	(\$40,643)	(\$40,619)	(\$45,667)	(\$48,407)
Fish, Wildlife, & Park	(\$105,673)	(\$105,609)	(\$118,734)	(\$125,858)
Commerce	(\$1,055,103)	(\$1,054,463)	(\$1,185,513)	(\$1,256,644)
Regional Travel Promotion	(\$365,791)	(\$365,569)	(\$411,002)	(\$435,662)
MT Historical Interpretation	(\$42,269)	(\$42,244)	(\$47,494)	(\$50,343)
<b>TOTAL Expenditures</b>	<b>(\$1,642,158)</b>	<b>(\$1,643,144)</b>	<b>(\$1,845,128)</b>	<b>(\$1,955,835)</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$1,642,158)	(\$1,643,144)	(\$1,845,128)	(\$1,955,835)
<b>TOTAL Funding of Exp.</b>	<b>(\$1,642,158)</b>	<b>(\$1,643,144)</b>	<b>(\$1,845,128)</b>	<b>(\$1,955,835)</b>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$1,232,110)	(\$1,305,740)	(\$1,383,771)	(\$1,466,464)
State Special Revenue (02)				
DOR Tax Administration	(\$16,422)	(\$17,407)	(\$18,451)	(\$19,558)
Montana Historical Society	(\$16,257)	(\$17,233)	(\$18,267)	(\$19,363)
University System	(\$40,643)	(\$40,619)	(\$45,667)	(\$48,407)
Fish, Wildlife, & Park	(\$105,673)	(\$105,609)	(\$118,734)	(\$125,858)
Commerce	(\$1,055,103)	(\$1,054,463)	(\$1,185,513)	(\$1,256,644)
Regional Travel Promotion	(\$365,791)	(\$365,569)	(\$411,002)	(\$435,662)
MT Historical Interpretation	(\$42,269)	(\$42,244)	(\$47,494)	(\$50,343)
<b>TOTAL Revenues</b>	<b>(\$2,874,268)</b>	<b>(\$2,948,884)</b>	<b>(\$3,228,899)</b>	<b>(\$3,422,299)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,232,110)	(\$1,305,740)	(\$1,383,771)	(\$1,466,464)
State Special Revenue (02)	\$0	\$0	\$0	\$0

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Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date